

IRREVOCABLE LETTER OF CREDIT TEMPLATE

The _____ Bank of _____

Street: _____

City: _____ State: _____ Zip Code: _____

Telephone: _____

Beneficiary:
STATE OF COLORADO
STATE BOARD OF LAND COMMISSIONERS
1127 SHERMAN STREET, SUITE #300
DENVER, COLORADO 80203

LETTER OF CREDIT NUMBER: _____
Amount U.S. \$ _____
Issuance: _____
Initial Expiration Date: _____

Applicant: _____

Street: _____

City: _____ State: _____ Zip Code: _____

Telephone: _____

Gentlemen:

We hereby issue and establish our irrevocable letter of credit, the amount of which is available by beneficiary's draft or drafts drawn upon us, which shall be paid at sight, when accompanied by the following document:

A written statement of the Director ("the Director") of the State Board of Land Commissioners of the State of Colorado ("State Land Board") certifying that he is a duly authorized official acting on behalf of the State of Colorado and that the amount of the accompanying sight draft is due and payable to the Colorado State Board of Land Commissioners pursuant to applicable provisions of Colorado statutes and Land Board orders governing State Land Board leases and that _____ Company or its successor has neglected, failed, or refused to pay such amount although requested to do so by the Director.

Each sight draft so drawn and presented shall be honored by us if presented prior to the close of business on the expiration date of this letter of credit. This credit refers to _____ company's application for a bond to guarantee contract performance for leased premises on Colorado State Trust lands.

It is an express condition of this letter of credit that it shall be automatically extended for successive additional periods of one year each, from the initial and each future expiration date unless the _____ Bank of _____ ("the Bank") shall notify the Director at least 90 days prior to an expiration date in writing by registered mail, at the above address, that the Bank elects not to extend the credit for such additional period. In such event, in addition to his power to draw hereon under the preceding paragraphs, the Director may draw the full or any lesser amount hereof at any time prior to such expiration date by sight draft, or drafts, accompanied by the written statement of the Director certifying that the amount drawn will be held as a cash deposit in lieu of financial warranty, as provided in applicable Colorado statutes and Land Board orders governing State Land Board lease.

The original signed letter of credit will be presented to the Bank by the beneficiary along with any draft presented pursuant to this letter of credit, and will be surrendered to the Bank with any draft which draws the full amount, or the balance remaining available, under this letter of credit.

If any expiration date specified herein shall fall upon a day other than a regular business day of the Bank, the expiration date shall ipso facto be extended to the close of business on the next successive business day of the Bank.

The _____ Bank of _____

By _____ Date _____
Authorized Signature

Applicant Acknowledgement

It is hereby acknowledged and agreed that the Applicant has no property or ownership interest in this letter of credit other than a contingent reversionary interest in the surplus, if any, which arises after the Beneficiary has determined the Applicant or successor in interest has fully and completely complied with the requirements of the Lease(s) covering leased lands on Colorado state trust lands managed by the Beneficiary.

Applicant Signature

Printed Name

Title and Company

- NOTES:
1. The Letter of Credit shall not be in excess of 10 percent of the bank's capital surplus account or in excess of 30 percent if the applicant has more than one Letter of Credit for different permits. To demonstrate this requirement, the issuing bank shall provide a balance sheet certified by a Certified Public Accountant. Generally, this is available in the Bank's most recent Annual Report or Call Report.
 2. The Letter of Credit shall be submitted on the Bank's letterhead.